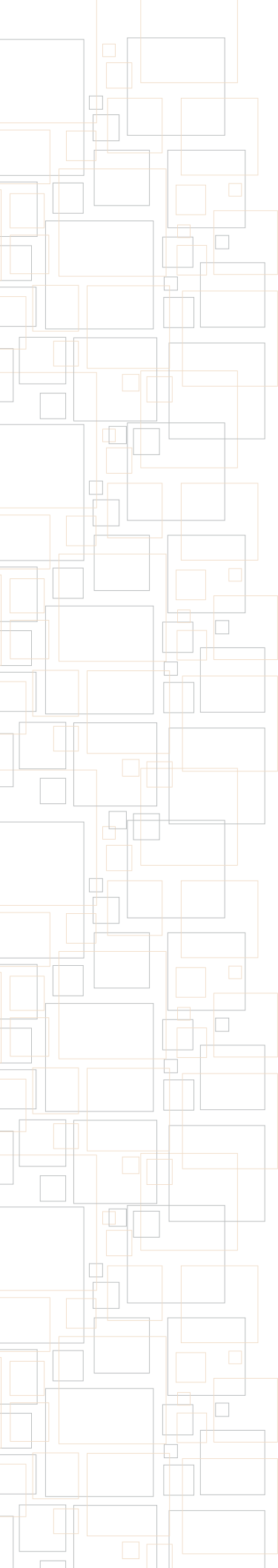


KANSAS

ADVANCED MANUFACTURING





We're known as part of America's Breadbasket, but more people in Kansas work in manufacturing than in agriculture. Top companies like Cessna, SpiritAerosystems and General Motors locate here because they know Kansas is a leader in supporting advanced manufacturing through education, business incentives and a positive business climate. Our successes are evident. Kansas leads the world in aviation manufacturing, with more than 70 percent of the world's embedded aviation fleet manufactured in our state; the GM plant here is consistently one of the company's most productive assembly plants in North America.

In addition, Kansas has one of only five true composite clusters in the world and Wichita is the home of the National Institute for Aviation Research (NIAR), where 70 percent of all Federal Aviation Administration (FAA) composites research is conducted. This strength in composites can be transferred to other products, such as medical devices, assisted by the Center for Innovative Biomaterials in Orthopaedic Research (CIBOR).

In a similar manner, plastics manufacturing is supported by the Kansas Polymer Research Center at Pittsburg State University. Kansas has the only plastics and rubber products cluster in the entire United States that has both product manufacturing and process manufacturing capabilities combined in the same region. Kansas not only makes a variety of extruded, formed and injection-molded products, but we also research and refine the processes that make those products.

"Advanced manufacturing" is difficult to define given the diversity of production activities in Kansas. However, whether in the aviation, plastics or agricultural sectors, there is a common thread of advanced techniques used for precision manufacturing, that is performed with the newest materials and supported by in-state centers of national prominence. Add in effective business incentives, competitive utility rates, a high standard of living and excellent, innovative business environment and it's a winning formula.

AEROSPACE

Aircraft and its components are vital to Kansas' economy, and south-central Kansas hosts the world's best known aviation cluster. The Wichita area has several original equipment manufacturers including Bombardier Learjet; Cessna Aircraft and Hawker Beechcraft. Home also to an Airbus Engineering Design Center and Spirit Aerosystems, the state offers one of the largest aerospace labor pools and supplier networks in the world.

Our labor supply is boosted by advanced degrees in aviation maintenance and aerospace engineering offered at Wichita State University, Kansas State University's College of Technology and Aviation in Salina and the University of Kansas in Lawrence, respectively. In addition, our new National Center for Aviation Training (NCAT) provides advanced general manufacturing training, and NIAR at Wichita State University is the largest aerospace research and development academic institution in the nation.

ADVANCED MATERIALS AND COMPOSITES

South-central Kansas is rapidly developing an industrial cluster of firms in the field of advanced or "engineered" materials (composites) and polymers (advanced

plastics and elastomers). Due to our rich history in aviation, our state's major aircraft companies have been involved in composite aircraft component design and fabrication for many years. This expertise in advanced materials also applies to other key industries such as medical devices, automotive components, wind turbines, marine applications, construction materials, machinery, scientific instrumentation and consumer products.

In addition, NIAR has an extensive research staff and advanced research and testing laboratories, including those for composites and advanced materials. The FAA has designated it the lead institution of the Center of Excellence in Composites & Advanced Materials. Kansas also has some of the most specialized equipment in the world for metal and composite material fabrication due to our comprehensive network of suppliers to the aviation industry.

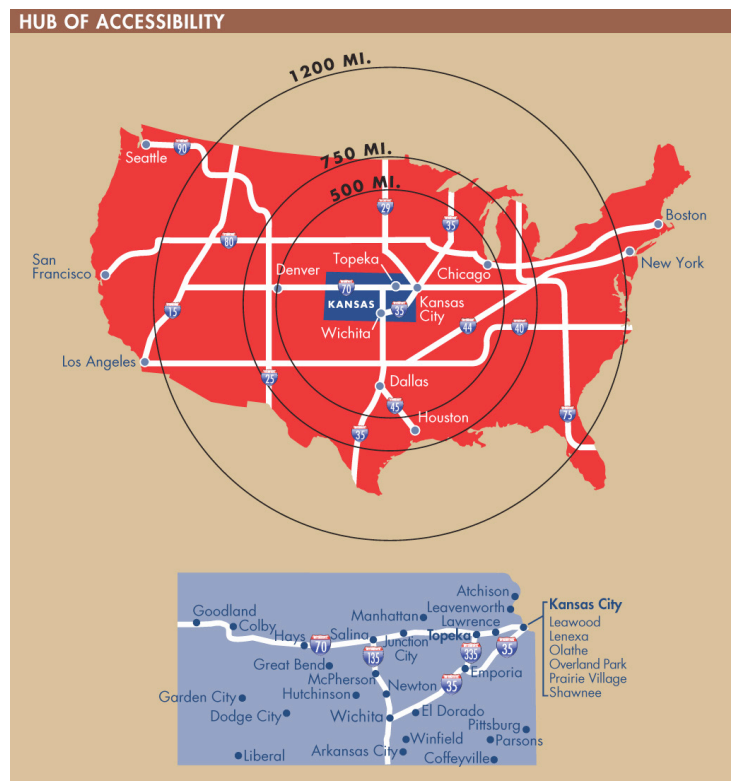
TRANSPORTATION ADVANTAGES

Whether by highway, rail or air, Kansas offers excellent transportation and marketing advantages for your business. Because we're central and because we've focused on building and maintaining an outstanding infrastructure, it's easier and cheaper to ship to and from Kansas. We're home to numerous production facilities, warehouses and distribution centers that have found shipping raw materials and finished goods is more profitable when you're located in the nation's heartland.

Kansas' strategic location, at the convergence of I-35 and I-70, places it at the crossroads of America. Our central location and excellent transportation network with access to interstate rail, trucking and air corridors put businesses within next-day freight service of 70 percent of the U.S.

Highways

Kansas ranks sixth for quality and access to transportation in all modes for getting products to market and for transporting individuals. We also rank third nationally in total road mileage with approximately 140,000 total road and street miles and over 10,000 highway miles. Thanks to our state's proximity to major markets, our transit times and shipping rates for common carriers can compete with any in the country. Kansas motor carrier regulations, covering truck and trailer size and weight, mirror many federal guidelines.





Rail Service

Kansas ranks in the top 10 in the United States in railroad mileage with almost 4,800 miles of track, 2.23 percent of all U.S. railroad miles. Our four Class I and 13 Class III secondary rail carriers ensure freight service to virtually anywhere in Kansas, since the countless tons of grain grown here have for decades mandated a comprehensive rail system.

Over 900 incorporated and unincorporated cities stand along Kansas' tracks. Many communities are served by more than one railroad, and businesses in several cities can take advantage of reciprocal switching agreements between railroads. The Kansas City area, a convenient first stop en route to all major marketing regions, ranks as the second leading rail center in the nation.

Air Service

Kansas City International Airport (KCI) and the Wichita Mid-Continent Airport are the largest airports serving the state, providing businesses with immediate access to major markets nationwide. KCI serves as the primary commercial airport for a four-state area for both passenger and air cargo service. These two airports contain state-of-the-art cargo handling facilities, main-deck loaders capable of handling the world's largest freighter aircraft and an extensive highway system just minutes away to provide businesses with quick access to goods and markets.

Inland Waterways

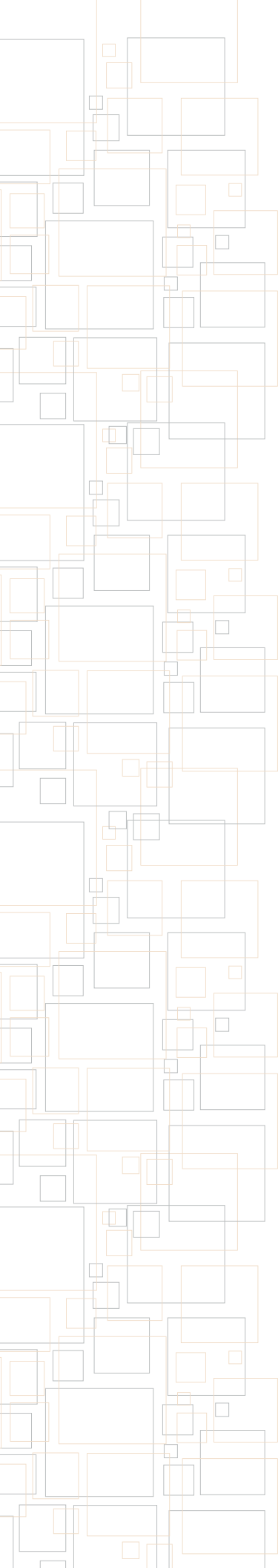
The Port of Catoosa, an inland seaport located near Tulsa, Okla., is approximately 50 miles from the Kansas border. It is a year-round, economical alternative to other means of travel and is especially advantageous to businesses manufacturing large goods.

FOREIGN TRADE ZONES

Foreign trade zones (FTZs) in Kansas provide a duty-free and quota-free entry point for foreign goods into specific areas under customs supervision for an unlimited period of time. Kansas offers a variety of sites managed by grantees in Kansas City (Zone 17) and Wichita (Zone 161).

Kansas has taken advantage of the new Alternative Site Framework (ASF) foreign trade zone designation intended to provide greater flexibility and expedite access to the benefits of the Foreign Trade Zone program. As a result, a company in the designated region is not restricted to a site specific FTZ, as the entire county is eligible for FTZ benefits under the ASF designation. This streamlined approach offers a quicker turnaround time and lower cost, allowing grantees to locate zone designation where companies are located.

The Kansas City FTZ has a number of Magnet and Usage-Driven sites, including a five-acre site with 220,000 square feet of above-ground covered space; a second five-acre site with a 26,000 square-foot warehouse, a 50,000 square-foot warehouse, 21 acres in the Leavenworth Area Business Center and over 1,000 acres at two locations in Topeka: Forbes Field/Topeka Air Industrial Park and Phillip Billard Airport/Industrial Park. The new ASF procedures were adopted for a five-county area including Douglas, Johnson, Leavenworth, Miami, and Wyandotte that allow for a six-week approval process for certain types of designations with a significant reduction in the company's out of pocket expenses.



The Wichita FTZ has received approval to use the new ASF procedures for a central region that includes Butler, Harvey, McPherson, Reno, Saline, Sedgwick and Sumner counties. The new system makes it faster and less expensive for area businesses to establish their facilities as foreign trade zones, with an estimated turnaround time of 30 to 40 days. Existing Magnet sites include 120 acres and 800,000 square feet of covered warehouse and assembly space in Wichita.

Goods brought into a zone or sub-zone may be stored, manipulated or mixed with domestic or foreign materials used in manufacturing processes or exhibited for sale. Anything shipped out of a zone into the United States customs territory is then subject to duties. Goods reshipped to foreign nations are never subject to U.S. customs duties.

SKILLED AND EDUCATED LABOR

One of the positive factors in the expansion of the Kansas economy is the Kansas worker. A highly motivated and well-educated workforce is ready to assist your firm. Though many of the state's 2.9 million citizens are concentrated in its metropolitan areas, firms locating in any region of the state will find a high-quality workforce ready to put its talents to work.

Kansas' education system is one of the best in the nation and a powerful factor contributing to the success of many businesses. Our education system has resulted in an adept, well-skilled and highly trainable labor force. The high school graduation rate and percentage of the population with a bachelor's degree are both well above the national average. Kansas ranks in the top third nationally for percent of adults with a college degree and average ACT score. Kansas' higher education system includes six Board of Regent's universities, 26 community and technical colleges statewide and one municipal college.

Kansas is also a right-to-work state, which has helped keep labor costs below the national average. The current union membership percentage in Kansas is 6.8 percent, well below the U.S. average. In addition, we have multiple workforce training programs and initiatives for companies new to Kansas or Kansas businesses needing to expand or restructure. Our training programs can offer direct financial assistance to train your workforce, and our workforce development professionals can assist in the recruitment of labor to staff your new business.

COMPETITIVE UTILITY RATES

Kansas possesses a built-in advantage over other states when it comes to meeting your energy needs. With one of the largest natural gas fields in the world, Kansas is among the nation's leading producers of natural gas. Also, our statewide power costs are competitive with the national average.

POSITIVE BUSINESS CLIMATE

In an ongoing effort to improve the state's business climate, Kansas lawmakers continue to find ways to reduce the cost of living and doing business in this state. Living costs are relatively low in Kansas at 8.4 percent below the national average, making our state one of the most affordable in the nation. Kansas housing is affordable, too, with the median value of owner-occupied housing more than 26.1 percent below the national average. In addition, Kansas ranks 14th overall for business competitiveness based on ten key economic factors, including workforce, education and transportation.



KANSAS HAS A VARIETY OF INCENTIVE PROGRAMS FOR QUALIFIED COMPANIES INVOLVED IN ADVANCED MANUFACTURING

New! Business income tax exemption for LLCs, LLPs, Sub-Chapter S Corporations, Partnerships and Sole Proprietorships

Qualified new companies to Kansas can retain their payroll withholding tax for five to 10 years, depending on the number and wages of jobs brought to Kansas

Financial assistance to train a new workforce or retrain an existing workforce

Financial assistance for construction, remodel, furnishings and equipment

10 percent corporate income tax credit for new capital investment

100 percent personal property tax exemption on commercial machinery and equipment new to Kansas

100 percent sales tax exemption on purchases to construct, remodel, furnish and equip a facility

No inventory or franchise tax by state law

100 percent sales tax exemption on items that become part of a manufactured product or items consumed in production

Property tax abatement on real property for up to 10 years subject to community approval